

A MEMORIAL

REQUESTING THE NEW MEXICO LEGISLATIVE COUNCIL TO DIRECT THE APPROPRIATE INTERIM COMMITTEE TO STUDY COMPETITION BETWEEN RURAL ELECTRIC COOPERATIVES AND PROPANE GAS DISTRIBUTORS, DETERMINE ANY NEED FOR COMPARABLE TAXATION AND REGULATION AND DEVELOP ANY NECESSARY REMEDIAL LEGISLATION.

WHEREAS, rural electric cooperatives, organized as not-for-profit corporations owned and governed by their member-consumers to whom revenues in excess of costs are subject to refund, provide electric service in many areas of New Mexico, and some are exploring providing other services as requested by their members, one cooperative having commenced selling propane gas in northern New Mexico, as rural electric cooperatives are currently authorized to do pursuant to the Rural Electric Cooperative Act; and

WHEREAS, some propane gas distributors, organized as sole proprietorships, general partnerships, limited partnerships, joint ventures and for-profit corporations, the profits of which are not returnable to their consumers unless they are also owners, have objected to rural electric cooperatives selling propane gas in competition with them and contend that rural electric cooperatives have more favorable tax treatment and financing; and

WHEREAS, rural electric cooperatives deny there is

subsidization, contend they are responding to the membership's demand and point to subsidies allegedly favoring propane gas distributors; and

WHEREAS, there appears there may be developing a concentration of control within the propane gas industry where there are fewer independent distributors in New Mexico, and there are complaints concerning the service and pricing of some propane gas distributors, leading some to contend that their transfer of control, service and pricing should be subject to regulation like that controlling similar activities of rural electric cooperatives; and

WHEREAS, there is a need to develop more information so that an informed decision can be reached concerning any lack of parity affecting the consumer interest and any need for more or less regulation or taxation in order to protect consumers;

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE OF NEW MEXICO that the New Mexico legislative council be requested to direct the appropriate interim committee to study competition between rural electric cooperatives and propane gas distributors, determine any need for comparable taxation and regulation and develop any remedial legislation affecting their taxation and regulation; and

BE IT FURTHER RESOLVED that the committee report its findings to the New Mexico legislative council by January 1, 2002; and

BE IT FURTHER RESOLVED that copies of this memorial be transmitted to the New Mexico legislative council. =====

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